



HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2004
OF THE CONDITION AND AFFAIRS OF THE

THE WELLNESS PLAN

NAIC Group Code	1150	1150	NAIC Company Code	95471	Employer's ID Number	38-2008890
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health []		Property/Casualty []		Dental Service Corporation []	
	Vision Service Corporation []		Other []		Health Maintenance Organization [X]	
	Hospital, Medical & Dental Service or Indemnity []		Is HMO, Federally Qualified? Yes [X]		No []	
Incorporated	11/08/1972		Commenced Business	02/28/1973		
Statutory Home Office	7700 SECOND AVENUE			DETROIT, MI 48202		
	(Street and Number)			(City or Town, State and Zip Code)		
Main Administrative Office	7700 SECOND AVENUE					
	DETROIT, MI 48202			313-202-8500		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number)		
Mail Address	7700 SECOND AVENUE			DETROIT, MI 48202		
	(Street and Number or P.O. Box)			(City or Town, State and Zip Code)		
Primary Location of Books and Records	7700 SECOND AVENUE					
	DETROIT, MI 48202			313-202-8500-27828		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number)		
Internet Website Address	www.wellplan.com					
Statutory Statement Contact	Rao Kakarala Mr.			313-202-8500-27828		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	rkakarala@wellplan.com			313-202-6870		
	(E-mail Address)			(FAX Number)		
Policyowner Relations Contact	7700 SECOND AVENUE					
	DETROIT, MI 48202			313-202-8500		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number) (Extension)		

OFFICERS

Name	Title	Name	Title
James Eric Gerber	Deputy Rehabilitator		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

State ofMichigan.....
County ofWayne.....

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The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

James Eric Gerber Deputy Rehabilitator		
Subscribed and sworn to before me this 24 day of February, 2005	a. Is this an original filing? Yes [X] No [] b. If no, 1. State the amendment number 2. Date filed 3. Number of pages attached	
Polly J. Jones Notary Public, Wayne County, MI August 17, 2007		

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE THE WELLNESS PLAN

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	644,613		644,613	0
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	11,461,304
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....	18,829,675		18,829,675	20,275,152
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$51,760,048 , Schedule E, Part 1), cash equivalents (\$3,154,295 , Schedule E, Part 2) and short-term investments (\$0 , Schedule DA).....	54,914,343		54,914,343	33,348,859
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets (Schedule BA)	329,757	0	329,757	1,080,195
8. Receivable for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	74,718,388	0	74,718,388	66,165,510
11. Investment income due and accrued	32,246		32,246	46,295
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection	154	154	0	655,510
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premium).....			0	0
12.3 Accrued retrospective premium.....			0	0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers			0	0
13.2 Funds held by or deposited with reinsured companies			0	0
13.3 Other amounts receivable under reinsurance contracts			0	0
14. Amounts receivable relating to uninsured plans			0	0
15.1 Current federal and foreign income tax recoverable and interest thereon			0	0
15.2 Net deferred tax asset.....			0	0
16. Guaranty funds receivable or on deposit			0	0
17. Electronic data processing equipment and software.....	1,393,965	1,332,099	61,866	367,512
18. Furniture and equipment, including health care delivery assets (\$964,150)	2,042,213	485,128	1,557,085	3,205,016
19. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
20. Receivables from parent, subsidiaries and affiliates	9,913	9,913	0	0
21. Health care (\$5,915,750) and other amounts receivable.....	5,950,588	3,648,805	2,301,783	3,584,857
22. Other assets nonadmitted			0	0
23. Aggregate write-ins for other than invested assets	484,921	484,921	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	84,632,388	5,961,020	78,671,368	74,024,700
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
26. Total (Lines 24 and 25)	84,632,388	5,961,020	78,671,368	74,024,700
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Employee advances.....	0	0	0	0
2302. Prepaid expenses.....	484,921	484,921	0	0
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	484,921	484,921	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	27,856,108		27,856,108	45,841,077
2. Accrued medical incentive pool and bonus amounts	4,564,279		4,564,279	3,550,379
3. Unpaid claims adjustment expenses	315,924		315,924	676,395
4. Aggregate health policy reserves			0	225,000
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	220,574
9. General expenses due or accrued	6,708,909		6,708,909	10,338,710
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others	902,577		902,577	1,093,081
13. Remittance and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	1		1	1
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured accident and health plans			0	0
21. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	3,473,311
22. Total liabilities (Lines 1 to 21)	40,347,798	0	40,347,798	65,418,528
23. Common capital stock	XXX	XXX		0
24. Preferred capital stock	XXX	XXX		0
25. Gross paid in and contributed surplus	XXX	XXX		0
26. Surplus notes	XXX	XXX		0
27. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
28. Unassigned funds (surplus)	XXX	XXX	38,323,570	8,606,172
29. Less treasury stock, at cost:				
29.1 shares common (value included in Line 23 \$)	XXX	XXX		0
29.2 shares preferred (value included in Line 24 \$)	XXX	XXX		0
30. Total capital and surplus (Lines 23 to 28 Less 29)	XXX	XXX	38,323,570	8,606,172
31. Total liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	78,671,368	74,024,700
DETAILS OF WRITE-INS				
2101. Provider Tax Liability	0		0	3,473,311
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	3,473,311
2701.	XXX	XXX		
2702.	XXX	XXX		
2703.	XXX	XXX		
2798. Summary of remaining write-ins for Line 27 from overflow page	XXX	XXX	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	933,469	1,375,374
2. Net premium income (including .....0 non-health premium income).....	XXX	162,198,377	228,913,367
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$5,658,557 medical expenses)	XXX	(2,556,478)	(31,118)
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	(10,137,595)	(9,426,846)
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	149,504,304	219,455,403
Hospital and Medical:			
9. Hospital/medical benefits		77,735,636	119,062,898
10. Other professional services		8,733,932	10,458,715
11. Outside referrals		2,774,213	4,628,177
12. Emergency room and out-of-area		12,749,958	22,047,100
13. Prescription drugs		21,005,157	30,018,516
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		1,188,377	1,971,629
16. Subtotal (Lines 9 to 15)	0	124,187,273	188,187,035
Less:			
17. Net reinsurance recoveries			0
18. Total hospital and medical (Lines 16 minus 17)	0	124,187,273	188,187,035
19. Non-health claims			0
20. Claims adjustment expenses, including \$0 cost containment expenses.....		1,390,984	1,523,800
21. General administrative expenses.....		18,430,662	26,520,096
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		(225,000)	(2,125,000)
23. Total underwriting deductions (Lines 18 through 22)	0	143,783,919	214,105,931
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	5,720,385	5,349,472
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	978,942	978,942	528,269
26. Net realized capital gains (losses)		(473,004)	(781,741)
27. Net investment gains (losses) (Lines 25 plus 26)	978,942	505,938	(253,472)
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	0	22,698,253	0
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	28,924,576	5,096,000
31. Federal and foreign income taxes incurred	XXX		0
32. Net income (loss) (Lines 30 minus 31)	XXX	28,924,576	5,096,000
DETAILS OF WRITE-INS			
0601. Other Miscellaneous Revenue.....	XXX	132,691	98,792
0602. QUAAP Provider Tax.....	XXX	(10,270,286)	(9,525,638)
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	(10,137,595)	(9,426,846)
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901. Proceeds from sale of membership.....		22,698,253	0
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	22,698,253	0

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior-reporting period	8,606,172	3,227,164
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
34. Net income or (loss) from Line 32	28,924,576	5,096,000
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Net unrealized capital gains and losses	(127,044)	(278,281)
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax		0
39. Change in nonadmitted assets	919,865	(5,751,019)
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in		0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in		0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	0	6,312,308
48. Net change in capital & surplus (Lines 34 to 47)	29,717,397	5,379,008
49. Capital and surplus end of reporting period (Line 33 plus 48)	38,323,569	8,606,172
DETAILS OF WRITE-INS		
4701. Prior period adjustment.....		6,312,308
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	6,312,308

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	160,981,501	224,373,399
2. Net investment income	992,991	530,496
3. Miscellaneous income	(16,167,384)	(9,457,964)
4. Total (Lines 1 to 3)	145,807,108	215,445,931
5. Benefits and loss related payments	141,158,342	171,139,071
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions	23,811,918	23,126,466
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) \$net of tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	164,970,260	194,265,537
11. Net cash from operations (Line 4 minus Line 10)	(19,163,152)	21,180,394
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	0	0
12.2 Stocks	32,854,170	8,447,550
12.3 Mortgage loans	0	0
12.4 Real estate	0	5,134,313
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	2,218,261	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	35,072,431	13,581,863
13. Cost of investments acquired (long-term only):		
13.1 Bonds	642,200	0
13.2 Stocks	20,604,547	10,553,027
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	5,134,313
13.6 Miscellaneous applications	627,003	475,443
13.7 Total investments acquired (Lines 13.1 to 13.6)	21,873,750	16,162,783
14. Net increase (or decrease) in policy loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	13,198,681	(2,580,920)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds	0	1,791,594
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	27,529,955	12,533,738
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	27,529,955	14,325,332
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17)	21,565,484	32,924,806
19. Cash and short-term investments:		
19.1 Beginning of year	33,348,859	424,053
19.2 End of period (Line 18 plus Line 19.1).....	54,914,343	33,348,859

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE THE WELLNESS PLAN

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other Health	Other Non-Health
1. Net premium income	162,198,377	4,473,612	0	0	0	0	0	157,724,765	0	0	0	0	0
2. Change in unearned premium reserves and reserve for rate credit	0												
3. Fee-for-service (net of \$5,533,271 medical expenses)	(2,556,478)											(2,556,478)	XXX
4. Risk revenue.....	0												XXX
5. Aggregate write-ins for other health care related revenues	(10,137,595)	(216,241)	0	0	0	0	0	(9,921,354)	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6).....	149,504,304	4,257,371	0	0	0	0	0	147,803,411	0	0	0	(2,556,478)	0
8. Hospital/medical/ benefits	77,735,636	2,788,290						74,947,346					XXX
9. Other professional services	8,733,932	86,657						8,647,275					XXX
10. Outside referrals	2,774,213	440,421						2,333,792					XXX
11. Emergency room and out-of-area	12,749,958	268,226						12,481,732					XXX
12. Prescription Drugs	21,005,157	867,825						20,137,332					XXX
13. Aggregate write-ins for other hospital and medical.....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts.....	1,188,377							1,188,377					XXX
15. Subtotal (Lines 8 to 14)	124,187,273	4,451,419	0	0	0	0	0	119,735,854	0	0	0	0	XXX
16. Net reinsurance recoveries	0												XXX
17. Total medical and hospital (Lines 15 minus 16)	124,187,273	4,451,419	0	0	0	0	0	119,735,854	0	0	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$0 cost containment expenses.....	1,390,984	38,505						1,352,479					
20. General administrative expenses	18,430,662	546,936						17,883,726					
21. Increase in reserves for accident and health contracts	(225,000)	(225,000)											XXX
22. Increase in reserves for life contracts.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	143,783,919	4,811,860	0	0	0	0	0	138,972,059	0	0	0	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	5,720,385	(554,489)	0	0	0	0	0	8,831,352	0	0	0	(2,556,478)	0
DETAILS OF WRITE-INS													
0501. QAAP taxes.....	(10,270,286)	(216,241)						(10,054,045)					XXX
0502. Miscellaneous income.....	132,691							132,691					XXX
0503.													XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	(10,137,595)	(216,241)	0	0	0	0	0	(9,921,354)	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.													XXX
1302.													XXX
1303.													XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)	4,473,612			4,473,612
2. Medicare Supplement .....				.0
3. Dental Only.....				.0
4. Vision Only.....				.0
5. Federal Employees Health Benefits Plan .....				.0
6. Title XVIII - Medicare .....				.0
7. Title XIX - Medicaid.....	157,724,765			157,724,765
8. Stop Loss .....				.0
9. Disability Income .....				.0
10. Long-term care .....				.0
11. Other health.....				.0
12. Health subtotal (Lines 1 through 11)	162,198,377	.0	.0	162,198,377
13. Life .....				.0
14. Property/Casualty.....				.0
15. Totals (Lines 12 to 14)	162,198,377	0	0	162,198,377

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE THE WELLNESS PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non- Health
1. Payments during the year:													
1.1 Direct	140,983,865	7,679,025				165,226		133,139,614					
1.2 Reinsurance assumed	0												
1.3 Reinsurance ceded	0												
1.4 Net	140,983,865	7,679,025	0	0	0	165,226	0	133,139,614	0	0	0	0	0
2. Paid medical incentive pools and bonuses	174,477							174,477					
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	27,856,108	1,052,141	0	0	0	314,561	0	26,489,406	0	0	0	0	0
3.3 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net	27,856,108	1,052,141	0	0	0	314,561	0	26,489,406	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct	0												
4.2 Reinsurance assumed	0												
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	4,564,279	177,197				13,374		4,373,708					
6. Amounts recoverable from reinsurers December 31, current year	0												
7. Claim liability December 31, prior year from Part 2A:													
7.1 Direct	45,841,077	4,279,747	0	0	0	479,787	0	41,081,543	0	0	0	0	0
7.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
7.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
7.4 Net	45,841,077	4,279,747	0	0	0	479,787	0	41,081,543	0	0	0	0	0
8. Claim reserve December 31, prior year from Part 2D:													
8.1 Direct	0	0	0	0	0	0	0	0	0	0	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
8.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Accrued medical incentive pools and bonuses, prior year	3,550,379	177,197	0	0	0	13,374	0	3,359,808	0	0	0	0	0
10. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
11. Incurred Benefits:													
11.1 Direct	122,998,896	4,451,419	0	0	0	0	0	118,547,477	0	0	0	0	0
11.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
11.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
11.4 Net	122,998,896	4,451,419	0	0	0	0	0	118,547,477	0	0	0	0	0
12. Incurred medical incentive pools and bonuses	1,188,377	0	0	0	0	0	0	1,188,377	0	0	0	0	0

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE THE WELLNESS PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1. Direct	22,827,164	875,540				261,762		21,689,862					
1.2. Reinsurance assumed	0												
1.3. Reinsurance ceded	0												
1.4. Net	22,827,164	875,540	0	0	0	261,762	0	21,689,862	0	0	0	0	0
2. Incurred but Unreported:													
2.1. Direct	4,604,364	176,601				52,799		4,374,964					
2.2. Reinsurance assumed	0												
2.3. Reinsurance ceded	0												
2.4. Net	4,604,364	176,601	0	0	0	52,799	0	4,374,964	0	0	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:													
3.1. Direct	424,580							424,580					
3.2. Reinsurance assumed	0												
3.3. Reinsurance ceded	0												
3.4. Net	424,580	0	0	0	0	0	0	424,580	0	0	0	0	0
4. TOTALS:													
4.1. Direct	27,856,108	1,052,141	0	0	0	314,561	0	26,489,406	0	0	0	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4. Net	27,856,108	1,052,141	0	0	0	314,561	0	26,489,406	0	0	0	0	0

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE THE WELLNESS PLAN

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	1,550,681	6,128,344	951,082	101,059	2,501,763	4,279,747
2. Medicare Supplement					0	0
3. Dental Only.....					0	0
4. Vision Only.....					0	0
5. Federal Employees Health Benefits Plan Premiums	165,226		314,561		479,787	479,787
6. Title XVIII - Medicare					0	0
7. Title XIX - Medicaid.....	15,368,373	117,771,241	19,327,185	7,162,221	34,695,558	41,081,543
8. Other health					0	0
9. Health subtotal (Lines 1 to 8).....	17,084,280	123,899,585	20,592,828	7,263,280	37,677,108	45,841,077
10. Other non-health.....					0	0
11. Medical incentive pools, and bonus amounts	174,477		3,375,902	1,188,377	3,550,379	3,550,379
12. Totals (Lines 9 to 11)	17,258,757	123,899,585	23,968,730	8,451,657	41,227,487	49,391,456

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE THE WELLNESS PLAN

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A – Paid Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior	29,666	30,244	30,275	30,275	30,275
2. 2000	16,383	23,155	23,375	23,375	23,375
3. 2001	XXX	24,056	31,079	31,079	31,079
4. 2002	XXX	XXX	28,282	29,785	29,785
5. 2003	XXX	XXX	XXX	15,688	17,239
6. 2004	XXX	XXX	XXX	XXX	6,128

Section B – Incurred Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior	30,215	30,244	30,276	30,275	30,275
2. 2000	22,352	23,155	23,375	23,375	23,375
3. 2001	XXX	33,569	31,252	31,079	31,079
4. 2002	XXX	XXX	31,543	30,104	29,785
5. 2003	XXX	XXX	XXX	19,649	18,190
6. 2004	XXX	XXX	XXX	XXX	6,229

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Hospital and Medical

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2000	0	0		0.0	0	0.0			0	0.0
2. 2001	25,319	31,079	401	1.3	31,480	124.3			31,480	124.3
3. 2002	26,072	29,785	135	0.5	29,920	114.8			29,920	114.8
4. 2003	18,079	17,239	61	0.4	17,300	95.7	951		18,251	101.0
5. 2004	4,474	6,128	78	1.3	6,206	138.7	101	8	6,315	141.1

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE THE WELLNESS PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A – Paid Health Claims - Dental Only

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior .....	.0	.0	.0	.0	.0
2. 2000.....	.0	.0	.0	.0	
3. 2001.....	XXX	.0	.0	.0	
4. 2002.....	XXX	XXX	.0	.0	
5. 2003.....	XXX	XXX	XXX	.0	
6. 2004.....	XXX	XXX	XXX	XXX	

Section B – Incurred Health Claims - Dental Only

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1	2	3	4	5
1.	Prior					
2.	.....				
3.	.....	XXX				
4.	.....	XXX	XXX			
5.	.....	XXX	XXX	XXX		
6.	.....	XXX	XXX	XXX	XXX	

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Dental Only

[illegible]

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE THE WELLNESS PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A – Paid Health Claims - Vision Only

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior .....	.0	.0	.0	.0	.0
2. 2000.....	.0	.0	.0	.0	
3. 2001.....	XXX	.0	.0	.0	
4. 2002.....	XXX	XXX	.0	.0	
5. 2003.....	XXX	XXX	XXX	.0	
6. 2004.....	XXX	XXX	XXX	XXX	

Section B - Incurred Health Claims - Vision Only

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1	2	3	4	5
1.	Prior					
2.	.....				
3.	.....	XXX				
4.	.....	XXX	XXX			
5.	.....	XXX	XXX	XXX		
6.	.....	XXX	XXX	XXX	XXX	

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Vision Only

[illegible]

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE THE WELLNESS PLAN

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A – Paid Health Claims - Federal Employees Health Benefits Plan Premium

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior .....	.0	.48	.50	.50	.50
2. 2000 .....	.0	.508	.522	.522	.522
3. 2001	XXX	1,270	1,708	1,708	1,708
4. 2002	XXX	XXX	1,762	1,940	1,940
5. 2003	XXX	XXX	XXX	1,604	1,769
6. 2004	XXX	XXX	XXX	XXX	

Section B - Incurred Health Claims - Federal Employees Health Benefits Plan Premium

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior .....	.0	.48	.50	.50	.50
2. 2000 .....	.0	.523	.522	.522	.522
3. 2001	XXX	2,110	1,721	1,708	1,708
4. 2002	XXX	XXX	2,008	1,976	1,940
5. 2003	XXX	XXX	XXX	2,048	2,084
6. 2004	XXX	XXX	XXX	XXX	

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Federal Employees Health Benefits Plan Premium

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2000 .....	.0	.0		.0 .0	.0	.0 .0			.0	.0 .0
2. 2001	1,954	1,708	31	.1 .8	1,739	.89 .0			1,739	.89 .0
3. 2002	1,962	1,940	10	.0 .5	1,950	.99 .4			1,950	.99 .4
4. 2003	1,910	1,769	.6	.0 .3	1,775	.92 .9			1,775	.92 .9
5. 2004		0	5	0 .0	5	0 .0	315		320	0 .0

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE THE WELLNESS PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Medicare

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior .....	.0	.0	.0	.0	.0
2. 2000.....	.0	.0	.0	.0	
3. 2001.....	XXX	.0	.0	.0	
4. 2002.....	XXX	XXX	.0	.0	
5. 2003.....	XXX	XXX	XXX	.0	
6. 2004.....	XXX	XXX	XXX	XXX	

Section B - Incurred Health Claims - Medicare

		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1	2	3	4	5
Year in Which Losses Were Incurred						
1.	Prior					
2.	.....				
3.	.....	XXX				
4.	.....	XXX	XXX			
5.	.....	XXX	XXX	XXX		
6.	.....	XXX	XXX	XXX	XXX	

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Medicare

[illegible]

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE THE WELLNESS PLAN

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior	248,059	252,828	252,999	252,999	252,999
2. 2000	120,143	174,025	175,238	175,238	175,238
3. 2001	XXX	154,056	192,704	192,704	192,704
4. 2002	XXX	XXX	155,619	171,198	171,198
5. 2003	XXX	XXX	XXX	136,588	152,130
6. 2004	XXX	XXX	XXX	XXX	117,771

Section B – Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior	252,091	252,828	252,999	252,999	252,999
2. 2000	163,918	177,025	175,238	175,238	175,238
3. 2001	XXX	187,775	194,061	192,704	192,704
4. 2002	XXX	XXX	181,335	174,319	171,198
5. 2003	XXX	XXX	XXX	174,548	174,833
6. 2004	XXX	XXX	XXX	XXX	126,122

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Title XIX Medicaid

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2000 .....	.0	.0		.0	.0	.0			.0	.0
2. 2001	221,055	192,704	3,507	1.8	196,211	88.8			196,211	88.8
3. 2002	205,588	171,198	1,073	.6	172,271	83.8			172,271	83.8
4. 2003	208,924	152,130	1,115	.7	153,245	73.3	8,351	83	161,679	77.4
5. 2004	157,725	117,771	1,668	1.4	119,439	75.7	22,703	224	142,366	90.3

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE THE WELLNESS PLAN

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
 (000 Omitted)

Section A - Paid Health Claims - Other

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior .....	.0	.0	.0	.0	.0
2. 2000.....	.0	.0	.0	.0	
3. 2001.....	XXX	.0	.0	.0	
4. 2002.....	XXX	XXX	.0	.0	
5. 2003.....	XXX	XXX	XXX	.0	
6. 2004.....	XXX	XXX	XXX	XXX	

Section B – Incurred Health Claims - Other

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1	2	3	4	5
1. Prior					
2.					
3.	XXX				
4.	XXX	XXX			
5.	XXX	XXX	XXX		
6.	XXX	XXX	XXX	XXX	

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Other

[illegible]

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE THE WELLNESS PLAN

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior	277,725	283,120	283,324	283,324	283,324
2. 2000.....	136,526	197,688	199,135	199,135	199,135
3. 2001.....	XXX	179,382	225,491	225,491	225,491
4. 2002.....	XXX	XXX	185,663	202,923	202,923
5. 2003.....	XXX	XXX	XXX	153,880	171,138
6. 2004.....	XXX	XXX	XXX	XXX	123,899

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior	282,306	283,120	283,325	283,324	283,324
2. 2000.....	186,270	200,703	199,135	199,135	199,135
3. 2001.....	XXX	223,454	227,034	225,491	225,491
4. 2002.....	XXX	XXX	214,886	206,399	202,923
5. 2003.....	XXX	XXX	XXX	196,245	195,107
6. 2004.....	XXX	XXX	XXX	XXX	132,351

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claim Payments	Claim Adjustment Expense Payments	Col. (3/2) Percent	Claim and Claim Adjustment Expense Payments (Col 2+3)	Col. (5/1) Percent	Claims Unpaid	Unpaid Claim Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	Col. (9/1) Percent
1. 2000.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 2001.....	248,328	225,491	3,939	1.7	229,430	92.4	.0	.0	229,430	92.4
3. 2002.....	233,622	202,923	1,218	0.6	204,141	87.4	.0	.0	204,141	87.4
4. 2003.....	228,913	171,138	1,182	0.7	172,320	75.3	9,302	83	181,705	79.4
5. 2004.....	162,199	123,899	1,751	1.4	125,650	77.5	23,119	232	149,001	91.9

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE THE WELLNESS PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves .....	.0											
2. Additional policy reserves (a) .....	.0											
3. Reserve for future contingent benefits .....	.0											
4. Reserve for rate credits or experience rating refunds (including \$ for investment income) .....	.0											
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded .....	.0											
8. Totals (Net) (Page 3, Line 4)	0	0			0	0	0	0	0	0	0	0
CLAIM RESERVE												
9. Present value of amounts not yet due on claims .....	.0											
10. Reserve for future contingent benefits .....	.0											
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0											
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS												
0501.												
0502.												
0503.												
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. TOTALS (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0
1101.												
1102.												
1103.												
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. TOTALS (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0	0	0	0

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administration Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$for occupancy of own building).....					0
2. Salaries, wages and other benefits.....		1,081,103	6,856,249		7,937,352
3. Commissions (less \$ceded plus \$ Assumed.....			29,087		29,087
4. Legal fees and expenses.....			35,296		35,296
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....		40,000	325,538		365,538
7. Traveling expenses.....			261,594		261,594
8. Marketing and advertising.....			4,788		4,788
9. Postage, express and telephone.....		3,439	449,466		452,905
10. Printing and office supplies.....		1,889	184,352		186,241
11. Occupancy, depreciation and amortization.....		100,000	1,648,442		1,748,442
12. Equipment.....			204,144		204,144
13. Cost or depreciation of EDP equipment and software.....		60,000	1,110,088		1,170,088
14. Outsourced services including EDP, claims, and other services.....		35,000	6,061,988		6,096,988
15. Boards, bureaus and association fees.....			60,605		60,605
16. Insurance, except on real estate.....			116,341		116,341
17. Collection and bank service charges.....					0
18. Group service and administration fees.....					0
19. Reimbursements by uninsured accident and health plans.....					0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....			13,429		13,429
22. Real estate taxes.....					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....					0
23.2 State premium taxes.....					0
23.3 Regulatory authority licenses and fees.....					0
23.4 Payroll taxes.....		62,180	421,235		483,415
23.5 Other (excluding federal income and real estate taxes).....					0
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	0	7,373	648,020	0	655,393
26. Total expenses incurred (Lines 1 to 25).....	0	1,390,984	18,430,662	0	(a).....19,821,646
27. Less expenses unpaid December 31, current year.....		315,924	6,708,909		7,024,833
28. Add expenses unpaid December 31, prior year.....		676,395	10,338,711		11,015,106
29. Amounts receivable related to uninsured accident and health plans, prior year.....					0
30. Amounts receivable related to uninsured accident and health plans, current year.....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	0	1,751,455	22,060,464	0	23,811,919
DETAIL OF WRITE-INS					
2501. Board of Trustees.....			25,766		25,766
2502. Miscellaneous expenses.....		7,373	622,254		629,627
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. Totals (Line 2501 thru 2503 plus 2598)(Line 25 above)	0	7,373	648,020	0	655,393

(a) Includes management fees of \$to affiliates and \$6,144,018 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a) .....	.....
1.1	Bonds exempt from U.S. tax	(a) .....	.....
1.2	Other bonds (unaffiliated)	(a) .....5,383	.....6,167
1.3	Bonds of affiliates	(a) .....	.....
2.1	Preferred stocks (unaffiliated)	(b) .....	.....
2.11	Preferred stocks of affiliates	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....147,215	.....99,776
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c) .....	.....
4.	Real estate	(d) .....	.....
5.	Contract loans.....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e) .....734,531	.....734,531
7.	Derivative instruments	(f) .....	.....
8.	Other invested assets .....	.....138,468	.....138,468
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income	1,025,597	978,942
11.	Investment expenses		(g)
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total (Lines 11 through 15) .....		.....0
17.	Net Investment Income - (Line 10 minus Line 16)		978,942
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....0	.....0
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above) .....		.....0

(a) Includes \$accrual of discount less \$amortization of premium and less \$paid for accrued interest on purchases.
(b) Includes \$accrual of discount less \$amortization of premium and less \$paid for accrued dividends on purchases.
(c) Includes \$accrual of discount less \$amortization of premium and less \$paid for accrued interest on purchases.
(d) Includes \$for company's occupancy of its own buildings; and excludes \$interest on encumbrances.
(e) Includes \$accrual of discount less \$amortization of premium and less \$paid for accrued interest on purchases.
(f) Includes \$accrual of discount less \$amortization of premium.
(g) Includes \$investment expenses and \$investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$interest on surplus notes and \$interest on capital notes.
(i) Includes \$depreciation on real estate and \$depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1.	U.S. Government bonds .....				.....0
1.1	Bonds exempt from U.S. tax .....				.....0
1.2	Other bonds (unaffiliated) .....				.....0
1.3	Bonds of affiliates .....				.....0
2.1	Preferred stocks (unaffiliated) .....				.....0
2.11	Preferred stocks of affiliates .....				.....0
2.2	Common stocks (unaffiliated) .....	.....153,999			.....153,999
2.21	Common stocks of affiliates .....				.....0
3.	Mortgage loans .....				.....0
4.	Real estate .....				.....0
5.	Contract loans .....				.....0
6.	Cash, cash equivalents and short-term investments .....				.....0
7.	Derivative instruments .....				.....0
8.	Other invested assets .....				.....0
9.	Aggregate write-ins for capital gains (losses) .....	.....(627,003)	.....0	.....0	.....(627,003)
10.	Total capital gains (losses) .....	.....(473,004)	.....0	.....0	.....(473,004)
DETAILS OF WRITE-INS					
0901.	Sale of transportation equipment.....	.....9,590			.....9,590
0902.	Losses on sale of furniture and equipment.....	.....(636,593)			.....(636,593)
0903.	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....(627,003)	.....0	.....0	.....(627,003)

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	659,080	659,080
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash, (Schedule E, Part 1), cash equivalents (Schedule E, Part 2) and short -term investments (Schedule DA).....	0	370,705	370,705
6. Contract loans	0	0	0
7. Other invested assets (Schedule BA)	0	0	0
8. Receivable for securities	0	0	0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	1,029,785	1,029,785
11. Investment income due and accrued	0	0	0
12. Premiums and considerations:			
12.1 Uncollected premiums and agents' balances in the course of collection	154	0	(154)
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
12.3 Accrued retrospective premium.....	0	0	0
13. Reinsurance:			
13.1 Amounts recoverable from reinsurers	0	0	0
13.2 Funds held by or deposited with reinsured companies	0	0	0
13.3 Other amounts receivable under reinsurance contracts	0	0	0
14. Amounts receivable relating to uninsured plans	0	0	0
15.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
15.2 Net deferred tax asset.....	0	0	0
16. Guaranty funds receivable or on deposit	0	0	0
17. Electronic data processing equipment and software.....	1,332,099	2,109,610	777,511
18. Furniture and equipment, including health care delivery assets.....	485,128	318,121	(167,007)
19. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
20. Receivables from parent, subsidiaries and affiliates	9,913	10,019	106
21. Health care and other amounts receivable.....	3,648,805	2,762,735	(886,070)
22. Other assets nonadmitted	0	0	0
23. Aggregate write-ins for other than invested assets	484,921	650,615	165,694
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	5,961,020	6,880,885	919,865
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	5,961,020	6,880,885	919,865
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0
2301. Employee advances.....	0	4,185	4,185
2302. Prepaid expenses.....	484,921	646,430	161,509
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	484,921	650,615	165,694

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	110,453	107,302	103,023	95,482	.0	933,469
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	110,453	107,302	103,023	95,482	0	933,469
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of The Wellness Plan (TWP) are presented on the basis of accounting practices permitted by the Michigan Office of Financial and Insurance Services (OFIS).

As of January 1, 2003, OFIS has adopted the NAIC’s *Accounting Practices and Procedures* as a component of prescribed and permitted practices. OFIS has certain permitted practices that can be used as a phase-in for the accounting practices.

- 1. Three-year phase-in period for the limitation of admitted electronic data processing equipment and software (SSAP 16)
- 2. Three-year phase-in period for the amount of nonadmitted furniture and equipment (SSAP 19)

TWP, with the previous permission of OFIS, records their Malpractice Trust Self Insurance Fund and the Stop Loss Self Insurance Trust on Schedule BA. These two items are not specifically addressed in statutory accounting. If these funds were not allowed as admitted assets, the surplus would be decreased by \$1,274,094 as December 31, 2004 and by \$2,009,040 as of December 31, 2003.

A reconciliation of the Company’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Michigan is shown below:

	<u>12/31/04</u>	<u>12/31/03</u>
(1) Net income – Michigan OFIS basis	\$ 28,924,576	\$ 5,096,000
(2) State prescribed practices	-0-	-0-
(3) State permitted practices	-0-	-0-
(4) Net income – NAIC SAP	<u>\$ 28,924,576</u>	<u>\$ 5,096,000</u>
(5) Statutory surplus – Michigan OFIS basis	\$ 38,323,570	\$ 8,606,172
(6) State prescribed practices (surplus):		
EDP Equipment	-0-	215,440
Furniture and equipment	592,935	1,802,686
(7) State permitted practices (surplus):	-0-	-0-
(8) Statutory surplus – NAIC SAP	<u>\$ 37,730,635</u>	<u>\$ 6,588,046</u>

B. Use of Estimates in the Preparation of the Financial Statements:

The preparation of financial statements in conformity with NAIC’s and OFIS’s accounting practices and permitted practices requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the statement of admitted assets, liabilities and capital and surplus—statutory basis and revenues and expenses and capital and surplus—statutory basis for the period reported on. Actual results could differ from those estimates.

C. Accounting Policy:

Fair Value of Financial Instruments—The carrying amounts of cash, short-term investments, receivables, accounts payable, and accrued expenses approximate fair value due to the short maturity of these items. Investments are valued at fair values, which are based on quoted market prices.

Cash and Short-Term Investments—Cash and short-term investments are carried at cost, which approximate fair market value, and are comprised of cash and highly liquid short-term investments with an original maturity of 90 days or less.

Investments—Investments consist primarily of mutual funds and short-term interest bearing investments with original maturities greater than three months. Investments are stated at fair value, which are based on quoted market prices. Investment income, including interest, dividends and realized gains and losses are included in the statement of revenue over expenses. Unrealized gains and losses are excluded from excess of expenses over revenues.

Inventories—Inventories are stated at the lower of cost or market, determined by the first-in, first-out method.

Property and Equipment—Property and equipment are stated at cost. Depreciation is

NOTES TO FINANCIAL STATEMENTS

computed by the straight-line method over the estimated useful lives of the respective assets, which range from 3 to 30 years.

Statutory Reserves—As a condition of licensure with the State of Michigan, the Corporation is required to maintain in a contingency fund a deposit of \$1,000,000 as of December 31, 2004 and 2003, as an additional resource to provide for health care services for its members. This deposit is restricted and is held in a jointly administered trust fund with the Michigan Insurance Bureau. The funds are invested in certificates of deposit and U.S. Government securities and recorded as cash and short-term investments.

Revenue Recognition—Revenue is recognized during the month in which coverage for enrolled members is in effect. Unearned revenue represents advance billings prior to that in which coverage is in effect.

Accrued Medical Claims—Health care costs are accrued in the period services are provided to the enrolled members based in part on estimates, including an accrual for medical services provided but not yet reported. Such estimates are based on historical payment patterns using actuarial techniques and are regularly reviewed and updated. Differences in estimates resulting there from are reflected in current operations.

Malpractice Costs—The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Income Tax Status—The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision for federal income taxes has been made in the financial statements.

2. Accounting Changes and Correction of Errors

As of January 1, 2003, OFIS has adopted the NAIC’s Accounting Practices and Procedures as a component of prescribed and permitted practices. OFIS has certain prescribed practices that can be used as a phase-in for the accounting procedures.

• The Company’s Retired Employees Health Insurance Fund was redetermined during 2004. Any funding exceeding the actuarially determined liabilities was transferred to the Company operations, and is no longer required to be reported as a nonadmitted asset. The amount reported as a nonadmitted asset as of December 31, 2003 is based on the following amounts:

	<u>12/31/04</u>	<u>12/31/03</u>
Employee Benefit Trust Fund – Investments	644,613	659,080
Employee Benefit Trust Fund – Cash	<u>-0-</u>	<u>1,194,668</u>
Subtotal	644,613	1,853,748
Accrued Pension Benefit Liability	<u>644,613</u>	<u>823,963</u>
Prepaid employee benefits	<u><u>-0-</u></u>	<u><u>1,029,785</u></u>

• The reported amount for computer hardware is limited to 15%, for 2004, and 25%, for 2003, of the Company’s capital surplus, as allowed under the State of Michigan prescribed accounting practices. The amount of the Company’s non-operating systems software is treated as a non-admitted asset.

	<u>12/31/04</u>	<u>12/31/03</u>
Capital and surplus, beginning of period	21,612,564	5,069,062
Percentage allowed	<u>15%</u>	<u>25</u>
Allowable limit of computer equipment	3,241,885	1,267,266
Amount of EDP equipment and software	1,393,965	2,477,122
Less amount of EDP software	<u>1,332,099</u>	<u>2,109,610</u>
Net amount of EDP equipment	61,866	367,512
Admitted amount (not to exceed the allowable limit as determined above)	<u>61,866</u>	<u>367,512</u>
Nonadmitted amount	<u><u>1,332,099</u></u>	<u><u>2,109,610</u></u>

• Office Furniture and Equipment is stated at 55%, for 2004, and 85%, for 2003, of the net book value as allowed under the State of Michigan’s prescribed accounting practices.

NOTES TO FINANCIAL STATEMENTS

	<u>12/31/04</u>	<u>12/31/03</u>
Furniture and Equipment	\$ 2,042,213	\$ 3,523,137
Less: Medical Delivery assets **	<u>964,150</u>	<u>1,402,330</u>
Net Office Equipment	1,078,063	2,120,807
Admitted amount at 55% of total (2004)	592,935	
Admitted amount at 85% of total (2003)		<u>1,802,686</u>
Nonadmitted amount	<u>485,128</u>	<u>318,121</u>

** Medical Delivery assets of \$964,150 and \$1,402,330 at December 31, 2004 and December 31, 2003, respectively, consists of inventory of medical supplies, drugs and staff clinics equipment and were deducted from the total office furniture and equipment when determining the amount of nonadmitted assets.

- The estimated useful lives of the Company’s computer hardware, software, and medical equipment were recently re-evaluated to comply with SSAP Statements 16, 19, and 73, which resulted in an one-time charge to depreciation expense that was recorded as of June 30, 2004. The one-time charge, which was recorded in June 2004, totalled about \$320,000.
- During 2003, the Corporation recognized an impairment loss resulting from the adjustment to fair market value for the land and building at Northwest Health Center.

Original cost of property	\$ 9,013,215
Less: accumulated depreciation	<u>2,997,839</u>
Net book value before impairment loss	6,015,376
Less fair market value per appraisal	<u>5,000,000</u>
Impairment loss recognized in 2003	<u>\$ 1,015,376</u>

- Prior period adjustments as shown as an aggregate write-in on the Capital and Surplus schedule (see page 5), were included in the Audited Financial Statements for the year ended December 31, 2002, and represent the adjustment of claims incurred but not reported totalling \$6,312,308.

3. Business Combinations and Goodwill:

- A. Statutory Purpose Method: Not applicable
- B. Statutory Merger: Not applicable
- C. Assumption Reinsurance: Not applicable
- D. Impairment Loss: Not applicable

4. Discontinued Operations:

The Michigan Department of Community Health did not renew its contract for Medicaid coverage, which expired September 30, 2004. As a result, all remaining members were sold either to Molina Healthcare of Michigan (membership in Wayne, Oakland, Muskegon and Oceana Counties), McLaren Health Plan (membership in Genesee and Lapeer Counties) or to Total Health Care (membership in Macomb County). The total sale price amounted to \$22,698,253 and is reported on the Statement of Revenue and Expenses (Page 4) on Line 29 and is included in the Cash Flow (Page 6) in Line 16.6.

The Company ended its commercial line of business for practically all of its groups on June 30, 2004 or earlier, as well as the contract for the Company’s employee health care coverage, which ended July 31, 2004.

5. Investments (Mortgage Loans, Debt Restructuring, Reverse Mortgages, Loan-Backed Securities and Repurchase Agreements)

- A. Mortgage Loans: Not applicable
- B. Debt Restructuring: Not applicable
- C. Reverse Mortgages: Not applicable
- D. Loan-Backed Securities: Not applicable
- E. Repurchase Agreements: Not applicable
- F. Real Estate: Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies: Not applicable

7. Investment Income: Not applicable

8. Derivative Instruments: Not applicable

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes:

The corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been made.

10. Information Concerning Parent, Subsidiaries and Affiliates:

Wellcorp, Inc.: the reported value of this subsidiary is \$9,913 at December 31, 2004 and is treated as a non-admitted asset for statutory reporting purposes.

WellChoice: The reported value of this subsidiary is \$-0- at December 31, 2004.

11. Debt: None

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A. Defined Benefit Plan: Not applicable
- B. Defined Contribution Plans: Corporation employees are covered by a qualified defined contribution pension plan sponsored by The Wellness Plan. Contributions of six percent (6%) of each employee’s compensation are made each year. The corporation’s contribution to the plan was \$882,288 for 2004 and \$948,200 for 2003. At December 31, 2004, the fair value of plan assets was \$10,533,849.
- C. Multiemployer Plans: Not applicable
- D. Consolidated/Holding Company Plans: Not applicable
- E. Postemployment Benefits and Compensated Absences: The Employees’ Retirement Health Care Plan replaces the defined benefit postretirement health care plan, which was terminated in July 2001, and covers 17 retired employees who were receiving benefits under the old plan. Plan assets totaled \$644,613 at December 31, 2004 and \$1,853,873 at December 31, 2003 and consist of equity and bond mutual funds and cash equivalents.

13. Capital and Surplus, Shareholder’s Dividend Restrictions and Quasi-Reorganizations

Not applicable

14. Contingencies:

Litigation: Various lawsuits are filed against the Corporation for incidents which arise in the ordinary course of business. In the opinion of the Corporation’s management, the outcome of the lawsuits will not have a material adverse effect on the financial position of the Corporation.

Malpractice Self-Insurance: The Corporation purchased insurance policies to provide for medical malpractice claims up to a maximum of \$200,000. In conjunction with this insurance policy, the Corporation also has a self-insurance program in effect which provides for claims exceeding \$200,000.

WellChoice: The Texas Department of Insurance placed the Corporation’s subsidiary, WellChoice, into temporary receivership in February 1999. In June 2000, the Texas Department of Insurance filed a claim against the Corporation to recover the outstanding liabilities of WellChoice. Management believes that any obligation the Corporation may incur on behalf of WellChoice would not have a material adverse effect on the consolidated financial position of the Corporation.

15. Leases:

The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year at December 31, 2004.

2005	\$ 225,929
2006	130,345
2007	108,723
2008	<u>41,964</u>
Total minimum payments required:	<u>\$ 206,961</u>

NOTES TO FINANCIAL STATEMENTS

The total rental expense for all operating leases amounted to \$357,293 in 2004 and \$557,419 in 2003.

16. Information about Financial Instruments With Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk:

Not applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. Transfers of Receivables Reported as Sales: Not applicable
- B. Transfer and Servicing of Financial Assets: Not applicable
- C. Wash Sales: Not applicable

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

- A. ASO Plans: Not applicable
- B. ASC Plans: Not applicable
- C. Medicare or Similarly Structured Cost Based Reimbursement Contract:
Not applicable

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not applicable

20. September 11 Events: Not applicable

21. Other Items: Not applicable

- A. Extraordinary Items: Not applicable
- B. Troubled Debt Restructuring: Debtors: Not applicable
- C. Other Disclosures: Not applicable
- D. Uncollectible assets covered by SSAP 6: No changes
- E. Business Interruption Insurance Recoveries: Not applicable

22. Events Subsequent:

None after December 31, 2004. Items reported in this section earlier in the year were transferred to the discontinued operations section. (See Note #4.)

23. Reinsurance:

- A. Ceded Reinsurance Report: Not applicable
- B. Uncollectible Reinsurance: Not applicable
- C. Commutation of Ceded Reinsurance: Not applicable

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination: Not applicable

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years decreased \$8,163,969 from \$49,391,456 at December 31, 2003 to \$41,227,487 at December 31, 2004 as a result of the reestimation of unpaid claims and claim adjustment expenses. This decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased when additional information becomes known regarding individual claims.

On July 1, 2003, the Corporation was placed under an Order of Rehabilitation. Unpaid claims for services provided to the Rehabilitation Order include the following amounts:

NOTES TO FINANCIAL STATEMENTS

Medical claims	\$ 20,208,959
Other medical liabilities	1,550,472
IPA cost settlements	3,048,897
Retention withholds	214,304
Accounts payable	<u>1,401,941</u>
Total	<u>\$ 26,424,573</u>

26. Intercompany Pooling Arrangements: Not applicable
27. Structured Settlements: Not applicable
28. Health Care Receivables:

A. Pharmaceutical Rebate Receivables:

	Estimated pharmacy rebates as reported on financial statements	Pharmacy rebates as billed or otherwise confirmed	Actual rebates received within 90 days of billing	Actual rebates received within 91- 180 days of billing	Actual rebates received more than 180 days after billing
	-----	-----	-----	-----	-----
12/31/2004	255,505	45,427	-0-	-0-	5,495
9/30/2004	215,573	50,782	-0-	-0-	126,221
6/30/2004	291,012	-0-	-0-	-0-	322,542
3/31/2004	613,553	(146,420)	-0-	-0-	254,611
12/31/2003	1,014,585	729,733	-0-	-0-	601,972
9/30/2003	886,824	336,039	-0-	-0-	208,089
6/30/2003	758,874	79,807	-0-	-0-	147,582
3/31/2003	826,649	237,408	-0-	-0-	237,854
12/31/2002	827,095	342,202	-0-	-0-	235,107
9/30/2002	720,000	380,727	-0-	-0-	487,610
6/30/2002	826,883	245,991	-0-	-0-	304,256
3/31/2002	885,148	240,229	-0-	-0-	335,103

B. Risk Sharing Receivables:

Calendar year	Evaluation period ending year	Risk sharing receivable as estimated in the prior year	Risk sharing receivable as estimated in the current year	Risk sharing receivable billed	Risk sharing receivable not yet billed	Actual risk sharing amounts received in year billed	Actual risk sharing amounts received in second subsequent year	Actual risk sharing amounts received – all other
-----	-----	-----	-----	-----	-----	-----	-----	-----
2004	2004 2005	335,349	335,877 -0-	-0-	355,877	-0-		
2003	2003 2004	717,782	658,733 335,349	717,782		-0-		
2002	2002 2003	45,334	332,844 717,782	45,334	287,510	-0-	58,725	19,575

29. Participating Policies: Not applicable
30. Premium Deficiency Reserves
- At December 31, 2003, the Company recorded a loss of \$225,000 in commercial premium deficiency reserves based on expected losses occurring during 2004. Resulting from the net reduction of commercial membership as well as the reduction in incurred claims expenses, \$225,000 was recognized as a reduction of medical expenses for the year ended December 31, 2004.
31. Anticipated Salvage and Subrogation: Not applicable

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities .....		.0.000		.0.000
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies .....		.0.000		.0.000
1.22 Issued by U.S. government sponsored agencies .....		.0.000		.0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities) .....		.0.000		.0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations .....		.0.000		.0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....		.0.000		.0.000
1.43 Revenue and assessment obligations .....		.0.000		.0.000
1.44 Industrial development and similar obligations .....		.0.000		.0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA .....		.0.000		.0.000
1.512 Issued or guaranteed by FNMA and FHLMC .....		.0.000		.0.000
1.513 All other	644,613	.0.863	644,613	.0.863
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA .....		.0.000		.0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521 .....		.0.000		.0.000
1.523 All other .....		.0.000		.0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....		.0.000		.0.000
2.2 Unaffiliated foreign securities .....		.0.000		.0.000
2.3 Affiliated securities .....		.0.000		.0.000
3. Equity interests:				
3.1 Investments in mutual funds .....		.0.000		.0.000
3.2 Preferred stocks:				
3.21 Affiliated .....		.0.000		.0.000
3.22 Unaffiliated .....		.0.000		.0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated .....		.0.000		.0.000
3.32 Unaffiliated .....		.0.000		.0.000
3.4 Other equity securities:				
3.41 Affiliated .....		.0.000		.0.000
3.42 Unaffiliated .....		.0.000		.0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated .....		.0.000		.0.000
3.52 Unaffiliated .....		.0.000		.0.000
4. Mortgage loans:				
4.1 Construction and land development .....		.0.000		.0.000
4.2 Agricultural .....		.0.000		.0.000
4.3 Single family residential properties .....		.0.000		.0.000
4.4 Multifamily residential properties .....		.0.000		.0.000
4.5 Commercial loans .....		.0.000		.0.000
4.6 Mezzanine real estate loans .....		.0.000		.0.000
5. Real estate investments:				
5.1 Property occupied by the company	18,829,675	.25.201	18,829,675	.25.201
5.2 Property held for the production of income (includes \$of property acquired in satisfaction of debt) .....		.0.000	.0	.0.000
5.3 Property held for sale (\$including property acquired in satisfaction of debt) .....		.0.000	.0	.0.000
6. Policy loans .....		.0.000		.0.000
7. Receivables for securities .....		.0.000	.0	.0.000
8. Cash, cash equivalents and short-term investments	54,914,343	.73.495	54,914,343	.73.495
9. Other invested assets	329,757	.0.441	329,757	.0.441
10. Total invested assets	74,718,388	100.000	74,718,388	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [X] No []
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] NA []
- 1.3

State Regulating?.....

Michigan.....
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]
- 2.2

If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2001
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/1997
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

04/15/1999
- 3.4

By what department or departments? Office of Financial and Insurance Services
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business?

4.12 renewals?

Yes [] No [X]

Yes [] No [X]
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business?

4.22 renewals?

Yes [] No [X]

Yes [] No [X]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]
- 5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....
.....
.....

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes [] No [X]
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]
- 7.2

If yes,

7.21 State the percentage of foreign control;

7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity
.....
.....
.....
.....

GENERAL INTERROGATORIES

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?.....

Yes [] No [X]
- 8.4

If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Yeo and Yeo, 3023 Davenport, Saginaw, Michigan 48602
10.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Lewis and Ellis, 10561 Barkley, Suite 470, Overland Park, Kansas 66212
11.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 11.1

What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 11.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No []
- 11.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No []
- 11.4

If answer to (11.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] NA []

BOARD OF DIRECTORS

12.

Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes [] No [X]
13.

Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes [] No [X]
14.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or likely to conflict with the official duties of such person?.

Yes [] No [X]

FINANCIAL

- 15.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

15.11 To directors or other officers ..

\$0

15.12 To stockholders not officers ...

\$0

15.13 Trustees, supreme or grand (Fraternal only)

\$0
- 15.2

Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

15.21 To directors or other officers ...

\$0

15.22 To stockholders not officers

\$0

15.23 Trustees, supreme or grand (Fraternal only)

\$0
- 16.1

Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement?

Yes [] No [X]
- 16.2

If yes, state the amount thereof at December 31 of the current year:

16.21 Rented from others

\$

16.22 Borrowed from others

\$

16.23 Leased from others

\$

16.24 Other

\$
- Disclose in Notes to Financial the nature of each obligation.
- 17.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes [] No [X]
- 17.2

If answer is yes,

17.21 Amount paid as losses or risk adjustment

\$

17.22 Amount paid as expenses

\$

17.23 Other amounts paid

\$

GENERAL INTERROGATORIES
INVESTMENT

18. List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price if Callable	5 Is Dividend Rate Limited?		6 Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred					[]	[]
Common				XXX	XXX	XXX	XXX	XXX

19.1. Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits? Yes [X] No []

19.2 If no, give full and complete information relating thereto:

20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 3 - Special Deposits; or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 16.1) Yes [X] No []

20.2 If yes, state the amount thereof at December 31 of the current year:

20.21

Loaned to others

\$.....

20.22

Subject to repurchase agreements

\$.....

20.23

Subject to reverse repurchase agreements

\$.....

20.24

Subject to dollar repurchase agreements

\$.....

20.25

Subject to reverse dollar repurchase agreements

\$.....

20.26

Pledged as collateral

\$.....

20.27

Placed under option agreements

\$.....

20.28

Letter stock or other securities restricted as to sale ...

\$.....

20.29

Other

\$.....11,023,444

20.3 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

21.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] NA [X]
If no, attach a description with this statement.

22.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

22.2 If yes, state the amount thereof at December 31 of the current year. \$.....

GENERAL INTERROGATORIES

INVESTMENT

23. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 – General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

23.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

¹ Name of Custodian(s)	² Custodian's Address
JPMorgan Chase Bank (formerly Bank One).....	611 Woodward Ave., Detroit, Michigan 48226.....
Comerica Bank.....	411 W. Lafayette, Detroit, Michigan 48226.....

23.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

¹ Name(s)	² Location(s)	² Complete Explanation(s)
.....
.....

23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year? Yes [] No [X]

23.04 If yes, give full and complete information relating thereto:

¹ Old Custodian	² New Custodian	³ Date of Change	⁴ Reason
.....

23.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

¹ Central Registration Depository Number(s)	² Name	² Address
DTC 2255.....	Harry L. Hunter.....	JPMorgan Chase Bank, 611 Woodward Ave., Detroit, Michigan 48226.....
DTC 2108.....	Randy L. Browning.....	Comerica Bank, 411 Lafayette, Detroit, Michigan 48226.....

24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [] No [X]

24.2 If yes, complete the following schedule:

¹ CUSIP #	² Name of Mutual Fund	³ Book/Adjusted Carrying Value
.....
.....
9999999. TOTAL		0

24.3 For each mutual fund listed in the table above, complete the following schedule:

¹ Name of Mutual Fund (from above table)	² Name of Significant Holding Of the Mutual Fund	³ Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	⁴ Date of Valuation
.....
.....

GENERAL INTERROGATORIES
INVESTMENT

25. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
25.1 Bonds.....	644,613	644,613	0
25.2 Preferred stocks.....	0		0
25.3 Totals	644,613	644,613	0

25.4 Describe the sources or methods utilized in determining fair values:

26.1 Have all the filing requirements of the *Purposes and Procedures* manual of the NAIC Securities Valuation Office been followed? Yes [X] No []

26.2 If no, list the exceptions:

OTHER

27.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?.....\$45,138

27.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Michigan Association of Health Plans.....	29,460

28.1 Amount of payments for legal expenses, if any?.....\$24,799

28.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Grier and Copeland.....	15,927

29.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$0

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid

For questions 12, 13, and 14, The Wellness Plan is under the control of Office of Financial and Insurance Services and there is no Board of Directors.

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2

If yes, indicate premium earned on U. S. business only

\$

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$

0

1.5

Indicate total incurred claims on all Medicare Supplement Insurance.

\$

0

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$

0

1.62

Total incurred claims

\$

0

1.63

Number of covered lives

\$

0

All years prior to most current three years:

1.64

Total premium earned

\$

0

1.65

Total incurred claims

\$

0

1.66

Number of covered lives

\$

0

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$

0

1.72

Total incurred claims

\$

0

1.73

Number of covered lives

\$

0

All years prior to most current three years:

1.74

Total premium earned

\$

0

1.75

Total incurred claims

\$

0

1.76

Number of covered lives

\$

0

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

\$

162,198,377

\$

228,913,367

2.2

Premium Denominator

\$

162,198,377

\$

228,913,367

2.3

Premium Ratio (2.1/2.2)

1.000

1.000

2.4

Reserve Numerator

\$

32,420,387

\$

49,616,456

2.5

Reserve Denominator

\$

32,420,387

\$

49,616,456

2.6

Reserve Ratio (2.4/2.5)

1.000

1.000

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

3.2

If yes, give particulars:

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [X] No []

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [X] No []

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [X] No []

5.2

If no, explain:

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$

5.32

Medical Only

\$

5.33

Medicare Supplement

\$

5.34

Dental

\$

5.35

Other Limited Benefit Plan

\$

5.36

Other

\$

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

7.1

Does the reporting entity set up its claim liability for provider services on a service data base?

Yes [X] No []

7.2

If no, give details:

8.

Provide the following Information regarding participating providers:

8.1

Number of providers at start of reporting year

2,491

8.2

Number of providers at end of reporting year

0

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [] No [X]

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months

9.22

Business with rate guarantees over 36 months

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contract?

Yes ☒ No ☐

10.2 If yes:

10.21 Maximum amount payable bonuses

\$.....0

10.22 Amount actually paid for year bonuses

\$.....0

10.23 Maximum amount payable withholds

\$.....333,831

10.24 Amount actually paid for year withholds

\$.....142,761

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes ☐ No ☒

11.13 An Individual Practice Association (IPA), or,

Yes ☐ No ☒

11.14 A Mixed Model (combination of above) ?.....

Yes ☒ No ☐

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes ☒ No ☐

11.3 If yes, show the name of the state requiring such net worth.

Michigan

11.4 If yes, show the amount required.

\$.....5,105,162

11.5 Is this amount included as part of a contingency reserve in stockholders equity?

Yes ☐ No ☒

11.6 If the amount is calculated, show the calculation.

12. List service areas in which reporting entity is licensed to operate:

1

Name of Service Area

Not applicable after September 30, 2004.....

FIVE-YEAR HISTORICAL DATA

	1 2004	2 2003	3 2002	4 2001	5 2000
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	78,671,368	74,024,700	45,955,239	74,201,337	79,455,321
2. Total liabilities (Page 3, Line 22)	40,347,798	65,418,528	42,728,075	62,522,989	67,415,861
3. Statutory surplus	10,210,324	13,780,068	18,785,360	0	0
4. Total capital and surplus (Page 3, Line 30)	38,323,570	8,606,172	3,227,164	11,678,348	12,039,460
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 8)	149,504,304	219,455,403	234,140,772	251,578,503	241,089,648
6. Total medical and hospital expenses (Line 18)	124,187,273	188,187,035	218,466,040	216,053,917	214,794,275
7. Claims adjustment expenses (Line 20)	1,390,984	1,523,800	1,552,928	3,939,139	4,714,329
8. Total administrative expenses (Line 21)	18,430,662	26,520,096	24,874,177	29,599,001	32,710,823
9. Net underwriting gain (loss) (Line 24)	5,720,385	5,349,472	(9,126,438)	(1,989,489)	(11,129,779)
10. Net investment gain (loss) (Line 27)	505,938	(253,472)	1,189,578	2,026,104	2,295,639
11. Total other income (Lines 28 plus 29)	22,698,253	0	0	(397,726)	5,133,528
12. Net income (loss) (Line 32)	28,924,576	5,096,000	(7,936,860)	(361,111)	(3,700,612)
RISK - BASED CAPITAL ANALYSIS					
13. Total adjusted capital.....	38,323,570	8,606,172	3,227,164	11,678,348	12,039,460
14. Authorized control level risk-based capital.....	5,105,162	6,911,689	9,392,680	8,819,788	9,105,698
ENROLLMENT (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	0	110,453	118,685	134,548	134,123
16. Total member months (Column 6, Line 7)	933,469	1,375,374	1,530,915	1,596,772	1,662,272
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
17. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical (Line 18)	76.6	82.2	93.3	87.0	89.8
19. Cost containment expenses	0.0	XXX	XXX	XXX	XXX
20. Other claims adjustment expenses	0.0				
21. Total underwriting deductions (Line 23)	88.6	93.5	103.9	102.1	105.4
22. Total underwriting gain (loss) (Line 24)	3.5	2.3	(3.9)	(0.8)	(4.7)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 12, Col. 5)	41,227,487	22,537,687	48,830,224	58,015,682	41,419,775
24. Estimated liability of unpaid claims – [prior year (Line 12, Col. 6)]	49,391,456	32,343,492	47,728,559	56,585,235	35,775,433
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)	0	0	0	0	0
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)	0	0	0	0	0
27. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	0	0	0	0	0
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
29. Affiliated mortgage loans on real estate		0	0	0	0
30. All other affiliated		0	0	0	0
31. Total of above Lines 25 to 30	0	0	0	0	0

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year					
Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	0	0	0	0
	2. Canada				
	3. Other Countries				
	4. Totals	0	0	0	0
States, Territories and Possessions (Direct and guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
	8. Totals	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....				
	10. Canada				
	11. Other Countries				
	12. Totals	0	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States				
	14. Canada				
	15. Other Countries				
	16. Totals	0	0	0	0
Public Utilities (unaffiliated)	17. United States				
	18. Canada				
	19. Other Countries				
	20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	644,613	644,613	642,200	
	22. Canada				
	23. Other Countries				
	24. Totals	644,613	644,613	642,200	0
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. Total Bonds	644,613	644,613	642,200	0
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	
	40. Total Preferred Stocks	0	0	0	
COMMON STOCKS Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States				
	50. Canada				
	51. Other Countries				
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0	
	54. Total Common Stocks	0	0	0	
	55. Total Stocks	0	0	0	
	56. Total Bonds and Stocks	644,613	644,613	642,200	

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year	12,120,384	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 7, Part 3	21,246,747	6.1 Column 15, Part 1	0
3. Increase (decrease) by adjustment:		6.2 Column 19, Part 2, Sec. 1	0
3.1 Columns 12 + 13 - 14, Part 1.	2,413	6.3 Column 16, Part 2, Sec. 2	0
3.2 Column 18, Part 2, Sec. 1	0	6.4 Column 15, Part 4	0
3.3 Column 15, Part 2, Sec. 2	0		
3.4 Column 14, Part 4	(24,760)		
4. Total gain (loss), Col. 19, Part 4	153,999	7. Book/adjusted carrying value at end of current period	644,613
5. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	32,854,170	8. Total valuation allowance	
		9. Subtotal (Lines 7 plus 8)	644,613
		10. Total nonadmitted amounts	
		11. Statement value of bonds and stocks, current period	644,613

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories								
States, Etc.	1	2	Direct Business Only					
	Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	3	4	5	6 Federal Employees Health Benefits Program Premiums	7 Life & Annuity Premiums & Deposit Type Contract Funds	8 Property/Casualty Premiums
			Premiums	Medicare Title XVIII	Medicaid Title XIX			
1. Alabama.....AL								
2. Alaska.....AK								
3. Arizona.....AZ								
4. Arkansas.....AR								
5. California.....CA								
6. Colorado.....CO								
7. Connecticut.....CT								
8. Delaware.....DE								
9. District of Columbia.....DC								
10. Florida.....FL								
11. Georgia.....GA								
12. Hawaii.....HI								
13. Idaho.....ID								
14. Illinois.....IL								
15. Indiana.....IN								
16. Iowa.....IA								
17. Kansas.....KS								
18. Kentucky.....KY								
19. Louisiana.....LA								
20. Maine.....ME								
21. Maryland.....MD								
22. Massachusetts.....MA								
23. Michigan.....MI	No	Yes	4,473,612		157,724,765			
24. Minnesota.....MN								
25. Mississippi.....MS								
26. Missouri.....MO								
27. Montana.....MT								
28. Nebraska.....NE								
29. Nevada.....NV								
30. New Hampshire.....NH								
31. New Jersey.....NJ								
32. New Mexico.....NM								
33. New York.....NY								
34. North Carolina.....NC								
35. North Dakota.....ND								
36. Ohio.....OH								
37. Oklahoma.....OK								
38. Oregon.....OR								
39. Pennsylvania.....PA								
40. Rhode Island.....RI								
41. South Carolina.....SC								
42. South Dakota.....SD								
43. Tennessee.....TN								
44. Texas.....TX								
45. Utah.....UT								
46. Vermont.....VT								
47. Virginia.....VA								
48. Washington.....WA								
49. West Virginia.....WV								
50. Wisconsin.....WI								
51. Wyoming.....WY								
52. American Samoa.....AS								
53. Guam.....GU								
54. Puerto Rico.....PR								
55. U.S. Virgin Islands.....VI								
56. Canada.....CN								
57. Aggregate other alien.....OT	XXX	XXX	0	0	0	0	0	0
58. Total (Direct Business)	XXX	(a) 1	4,473,612	0	157,724,765	0	0	0
DETAILS OF WRITE-INS								
5701.	XXX	XXX						
5702.	XXX	XXX						
5703.	XXX	XXX						
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX	XXX	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)	XXX	XXX	0	0	0	0	0	0

Explanation of basis of allocation by states, premiums by state, etc.:
(a) Insert the number of yes responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

THE WELLNESS PLAN (NAIC Code) FIN

